

# **EXCLUSION OF INCOME RELATED TO TRANSFER OF REDEVELOPMENT TAX CREDIT**

## **Prior Law**

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The Redevelopment Tax Credit is administered by the Iowa Economic Development Authority. The Authority issues tax credit certificates to taxpayer who have earned the credit. These are transferable tax credits, and the Department of Revenue issues the transferred tax credit certificates.

Any consideration received for the transfer of the tax credit shall not be included as income for individual income, corporation income, franchise, insurance premiums or moneys and credits tax. Any consideration paid for the transfer of the tax credit shall not be deducted from income for individual income, corporation income, franchise, insurance premiums or moneys and credits tax. The insurance premium tax is imposed on insurance companies doing business in Iowa, and the moneys and credits tax is imposed on credit unions doing business in Iowa.

## **New Provisions**

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2012 Iowa Acts, Senate File 2328, strikes the reference to insurance premium tax and moneys and credits tax to the exclusion from income for consideration received for the transfer of the tax credit. Similarly, the reference to insurance premiums tax and moneys and credits tax to the disallowance of deductions for consideration paid for the transfer of the tax credit was stricken. Neither the insurance premiums tax nor the moneys and credits tax are imposed on net income, so these references related to the sale of the tax credit and their impact on the determination of net income was unnecessary.

## **Section Amended**

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Section 3 of 2012 Iowa Acts Senate File 2328 amends section 15.293A, subsection 2, paragraph b, subparagraph (6), Code Supplement 2011.

## **Effective Date**

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July 1, 2012